

**NYE-DT 54**



## APA - Deferring Alpine High Natural Gas due to Poor Pricing

Sentiment Indicator : **negative**

Produced by Hanold, Scott (RBC Capital Markets, LLC) on Tuesday, April 23, 2019, 07:55 AM ET

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**Our View:** We think this is a slight negative on the margin. The decision positively impacts cash flow in the near term but it does show the current tightness and sensitivity of the Permian gas market. APA has 500 MMcf/d of capacity on Gulf Coast Express (expected in service later this year) and additional capacity on Permian Express (expected in service in 2020) providing transport to Gulf Coast markets.

Apache Corp (APA) announced it is temporarily deferring natural gas production from Alpine High in late March in response to pricing at Waha Hub. Current deferrals are 250 MMcf/d of gross gas production. The company plans to "closely monitor daily pricing" and return gas to sales when it is profitable to do so. The company does not expect an adverse impact on long-term wellbore integrity or reservoir productivity.

APA plans to release an updated production guide with its 1Q19 earnings on May 1, 2019. The current planned rig count and well completion guide is unchanged and APA is reiterating its year-end 2019 Alpine High exit rate guidance of over 100 Mboe/d.

APA also announced installation of the first two cryogenic processing units at Alpine High are proceeding on-budget and ahead of schedule. The first unit is currently commissioning and expected in service in May. The second cryo unit is expected in service in July.

Company Name	Exchange	Ticker	Rating	Risk Qualifier	Price Target	Currency	Price	Price Date
Apache Corporation	NYSE	APA US	Sector Perform	Not Assigned	41.00	US Dollar	37.09	23 Apr 2019 08:03:16 ET

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